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Financing of the United Nations Mission in Ethiopia and Eritrea

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Report of the Secretary-General

Summary

The present report provides details on the final disposition of the assets of the United Nations Mission in Ethiopia and Eritrea. The Mission's assets, with a total inventory value of $57,034,100, were disposed of as at 7 December 2010. The disposition of the assets for the period ending 7 December 2010 has been undertaken in accordance with United Nations financial regulation 5.14.

Summary of the disposition of the assets of the United Nations Mission in Ethiopia and Eritrea as at 7 December 2010

(Thousands of United States dollars)

Category	*Inventory value*	*Percentage*
Group I: transferred to other missions or for temporary storage at the United Nations Logistics Base at Brindisi	17 458.7	30.6
Group II: disposed of in the mission area		
Sold	1 628.8	2.9
Donated to the Government of Ethiopia and the African Union	7 610.2	13.3
Group III: written-off/lost	30 336.4	53.2
Total	**57 034.1**	**100.0**

The action to be taken by the General Assembly is set out in paragraph 12 of the present report.

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I. Introduction

1. The mandate of the United Nations Mission in Ethiopia and Eritrea (UNMEE) was established by the Security Council in its resolutions 1312 (2000) and 1320 (2000). In its resolution 1798 (2008), the Security Council extended the mandate of UNMEE for a period of six months, until 31 July 2008. By its subsequent resolution 1827 (2008), the Council decided to terminate the mandate of the Mission effective 31 July 2008.

2. It is recalled that, by its decision 63/554, the General Assembly approved the proposed donation of assets with an inventory value of $1,398,500 and a corresponding residual value of $421,800 to the Government of Ethiopia, and the assets with an inventory value of $6,911,400 and a corresponding residual value of $1,967,900 to the African Union in support of the African Union Mission in Somalia, as shown in the report of the Secretary-General (A/63/728). It should be noted that the proposed donation of assets to the Government of Ethiopia and the African Union was prepared on the basis of a preliminary assets disposal plan.

3. The present report provides details on the final disposition of the assets of UNMEE as at 7 December 2010, undertaken in accordance with United Nations financial regulation 5.14.

4. As a result of the adjustment of the UNMEE assets disposition plan and according to the inventory report as at 7 December 2010, 799 assets with a total inventory value of $1,466,200 and a corresponding residual value of $462,900 were donated to the Government of Ethiopia during the financial period from 1 July 2008 to 30 June 2009. A total of 1,480 assets with a total inventory value of $6,144,000 and a corresponding residual value of $1,643,000 were donated to the African Union during the financial period from 1 July 2008 to 30 June 2009. The variation in inventory value of $699,700 (less than 9 per cent) between the planned and actual donation of UNMEE assets to the Government of Ethiopia and the African Union resulted from the changes in values that arose in the process of finalizing and updating the inventory of the assets, rather than any modifications to the earlier package.

5. The assets identified for donation to the Government of Eritrea, with an inventory value of $6,082,100 and corresponding residual value of $2,299,300, could not be donated, as the Permanent Mission of Eritrea, in its note verbale dated 25 February 2009, informed the Secretariat that the donation of UNMEE assets was not accepted by the communities concerned in Eritrea. Since UNMEE had already finalized the field liquidation process, terminated the service contracts and repatriated its staff, the Mission was not in a position to recover the remaining assets, which accordingly were declared abandoned in situ. The abandoned assets in Eritrea are included in the category of written-off/lost assets in the present report.

II. Classification and disposition of the assets of the United Nations Mission in Ethiopia and Eritrea

6. The process of liquidating the assets of UNMEE was guided by the following principles and policies contained in United Nations financial regulation 5.14:

(a) Equipment in good condition that conforms to established standardization or is considered compatible with existing equipment will be redeployed to other peacekeeping operations or will be placed in reserve to form start-up kits for use by future missions;

(b) Equipment not required for current or future peacekeeping operations may be redeployed to other United Nations activities funded from assessed contributions, provided that there is a demonstrated need for the equipment;

(c) Equipment not required for current or future peacekeeping operations or other United Nations activities funded from assessed contributions but which may be useful for the operations of other United Nations agencies, international organizations or non-governmental organizations will be sold to such agencies or organizations;

(d) Any equipment or property not required or which it is not feasible to dispose of in accordance with subparagraphs (a), (b) or (c) above or which is in poor condition will be subject to commercial disposal in accordance with the procedures applicable to other United Nations equipment or property; and

(e) Any assets which have been installed in a country and which, if dismantled, would set back the rehabilitation of that country shall be provided to the duly recognized Government of that country in return for compensation in a form to be agreed by the Organization and the Government. This refers in particular to airfield installations and equipment, buildings, bridges and mine-clearing equipment. Where such assets cannot be disposed of in this manner or otherwise, they will be contributed free of charge to the Government of the country concerned. Such contributions require the prior approval of the General Assembly.

7. The assets of UNMEE, with a total inventory value as at 7 December 2010 of $57,034,100, have been grouped into 16 categories: accommodation equipment, communications equipment, data-processing equipment, generators, marine equipment, medical equipment, mine-clearing equipment, miscellaneous equipment, observation equipment, office equipment, petrol tanks plus metering equipment, prefabricated buildings, refrigeration equipment, vehicular equipment, water and septic tanks, and water purification equipment.

8. In accordance with the principles and policies recalled in paragraph 6 above, the assets of UNMEE have been placed into three groups (see table 1).

Table 1
Summary of the final disposition of assets of the United Nations Mission in Ethiopia and Eritrea

(Thousands of United States dollars)

Category	*Inventory value*	*Percentage*
Group I: transferred to other missions or for temporary storage at the United Nations Logistics Base at Brindisi	17 458.7	30.6
Group II: disposed of in the mission area		
Sold	1 628.8	2.9
Donated to the Government of Ethiopia and the African Union	7 610.2	13.3

Category	*Inventory value*	*Percentage*
Group III: written-off/lost	30 271.9	53.1
Lost	64.5	0.1
Total	**57 034.1**	**100.0**

9. Group I includes assets identified as meeting the requirements of peacekeeping operations or United Nations activities funded from assessed contributions. The items in this group, with an inventory value of $17,458,700 (30.6 per cent of total assets value), have been transferred to other United Nations missions and the United Nations Logistics Base at Brindisi, for temporary storage pending future use.

10. Group II includes assets disposed of locally with an inventory value of $9,239,000 representing 16.2 per cent of the total inventory value of UNMEE assets, comprising assets donated to the Government of Ethiopia and the African Union with an inventory value of $7,610,200 and a corresponding residual value of $2,105,900 as well as assets sold to a United Nations agency and to private companies and individuals on the basis of competitive bidding with an inventory value of $1,628,800 and a corresponding residual value of $719,000. The amount of $644,500, representing the proceeds of the sale, was credited as miscellaneous income to the UNMEE special account (see table 2).

Table 2
Sale of assets of the United Nation Mission in Ethiopia and Eritrea

(Thousands of United States dollars)

Sold to	*Inventory value*	*Residual value*	*Sale value*
Commercial disposal	1 391.6	527.3	644.5
United Nations agency[a]	237.2	191.7	0
Total	**1 628.8**	**719.0**	**644.5**

[a] Reflects the nominal sale value of $1.

11. The inventory value of assets in Group III totals $30,336,400, representing 53.2 per cent of the total assets inventory value and a corresponding residual value of $7,951,500. These assets have been written off mainly as a result of accidents; damage caused by natural elements; obsolescence; normal wear and tear; the assets not being accepted by the Government of Eritrea as donation; and uneconomical prospects for repair and loss (see table 3).

Table 3
Written-off United Nations property reported by the United Nations Mission in Ethiopia and Eritrea

(Thousands of United States dollars)

Category	*Inventory value*	*Residual value*
Accident, damage and faulty equipment	3 350.4	1 089.6
Lost or stolen equipment	78.2	25.4

Category	*Inventory value*	*Residual value*
Normal wear and tear and regular life cycle activity	14 489.4	3 350.3
Obsolescence	5 514.2	990.0
Uneconomical to repair	269.4	74.3
Others[a]	304.3	136.3
Assets abandoned in Eritrea	6 330.5	2 305.6
Total	**30 336.4**	**7 951.5**

[a] Transferred to other United Nations missions but the receiving missions could not confirm receipt.

III. Action to be taken by the General Assembly

12. **The action to be taken by the General Assembly is to take note of the present report on the final disposition of assets of UNMEE.**